

BUSINESS REPLY MAIL COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY13-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail Fee cost estimates.

B. Predecessor Document

Docket No. ACR2012, USPS-FY12-21

C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY13-21.

D. Methodology

The Business Reply Mail cost model relies on the same cost methodology that was presented by the Postal Service in Docket No. ACR2012, USPS-FY12-21.

E. Inputs/Outputs

<u>Input Source</u>	<u>Input Description</u>
USPS-FY13-7 `	Volume variability factors Premium pay factors Wage rates Overhead Factors
USPS-FY13-10	CRA proportional adjustment factor
USPS-FY13-23	MODS productivity data
USPS-FY13-24	City Carrier piggyback factor
USPS-FY13-25	Operations specific piggyback factors RCR Cost Data
2013 RBCS Data	RCR images processed ISS/RCR Finalization Rate
2013 WebEOR Data	Outgoing primary acceptance rate
2013 RPW Data	Non-Letter Size BRM shape percentage

2011 PostalOne!	Pieces per account data
2011 Field Study	Productivity data
Docket No. RM2011-5, Order No. 741	RBCS Leakage Rate
Docket No. ACR2008, USPS-FY08-10	DIOSS Accept Rate OSS Reject Rates
Docket No. R2006-1, USPS-LR-L-34	BRM Practices Study
Docket No. R2000-1, USPS-T-29	Productivity Data

The Business Reply Mail cost estimate outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3

II. ORGANIZATION

The Qualified Business Reply Mail cost avoidance estimate is 1.464 cents and is presented in the Microsoft Excel workbook 'USPS-FY13-21.xls' in the spreadsheet tab entitled 'QBRM COST AVOIDANCE SUMMARY' (Section A, page 1). The Business Reply Mail fee cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-21.xls' in the spreadsheet tab entitled 'BRM FEES SUMMARY' (Section B, page 1). Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below:

TABLE 1: BUSINESS REPLY MAIL COST ESTIMATES

<u>Description</u>	<u>Cost (\$)</u>
Annual Permit Fee	\$142.625
Annual Accounting Fee	\$352.898
QBRM Quarterly Fee	\$123.059
Non-Letter Size BRM Monthly Fee	\$429.215
<u>Description</u>	<u>Cost (Cents)</u>
High Volume QBRM Per-Piece Fee	0.849
Basic QBRM Per-Piece Fee	2.022
High Volume BRM Per-Piece Fee	3.963
Basic BRM Per-Piece Fee	53.584
Non-Letter Size BRM Per-Piece Fee	0.319